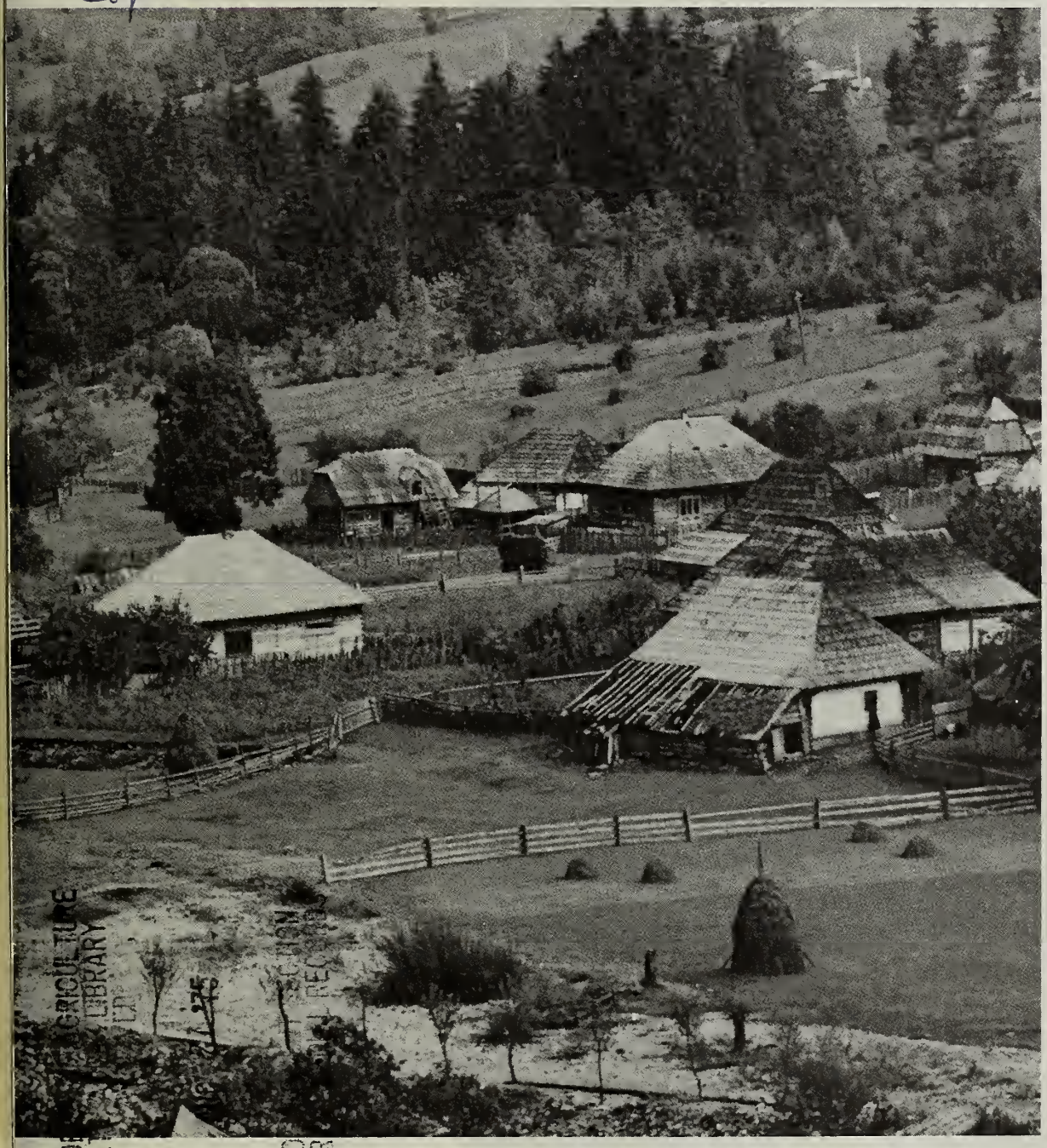
FOREIGN AGRICULTURE



vate farms in Romania.

U.S.-Romanian Farm Trade Up

August 18, 1975

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In this issue:

This week's cover:

Private farms in the mountain regions of Romania, which, because of a lagging agriculture and expanding demand, is importing more farm products from the United States. The first of two articles on Romanian agricultural production and trade begins on this page.

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U.S. Congress Approves MFN

U.S.-Romanian Farm Trade Up

By MILES J. LAMBERT
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Economic Research Service

AMONG THE recently enlarged markets for U.S. farm products is Romania, whose expanding demand for feedgrains, cattle hides, and cotton caused a doubling of U.S. agricultural exports to this East European country between 1973 and 1974 alone.

In turn, some of these items are finding their way back to the United States in the form of canned meat, cotton textiles, and leather footwear—a trade that has also grown considerably, although not nearly as rapidly as Romania's imports of U.S. raw materials for manufacture of value-added products.

These strong trade ties should be further enhanced by the U.S. Congress recent passage of a resolution granting Romania most-favored-nation (MFN) tariff treatment. And the country's import needs will no doubt remain large this year in light of the recent flood damage to its grain crops.

However, future growth in U.S. sales there depends on some crucial unknowns in Romania's attempt to improve the efficiency of its agricultural sector. These unknowns include the success of efforts being made to boost yields of oilseeds (including soybeans) and grains and to initiate cotton production.

U.S. agricultural exports to Romania last year totaled $157 million—56 percent of all U.S. exports there and more than 100 percent above the agricultural shipments of 1973. Accounting for the bulk of this trade were feedgrains—totaling $67 million—461,000 metric tons of corn and 30,000 of barley imported to make up for a poor 1974 feedgrain crop.

Other leading U.S. agricultural exports to Romania last year were cotton, cattle hides, and soybean meal. The cotton shipments amounted to $39 million, or $27 million more than in 1973, while cattle hide exports stood at $24.1 million, compared with $18.1 million in 1973.

Romania is the largest U.S. market in Eastern Europe for cotton and cattle hides, with these items together averaging 41 percent of annual U.S. farm shipments to Romania in 1970-74. And even in 1971, when wheat exports were large following heavy damage from floods in 1970, cotton and cattle hides made up 35 percent of the U.S. farm export total.

In addition, soybean meal exports have been important since 1972, amounting to 103,000 tons valued at $25.5 million in 1974. Livestock production plans explicitly emphasize an increased role for soybean meal and have spurred import expansion, despite the fact that Romania has a burgeoning soybean industry of its own.

SEVERAL OF these imports have been financed by the U.S. Commodity Credit Corporation (CCC). Between 1970 and May 1975, CCC-financed sales accounted for 27 percent of the $417 million in U.S. agricultural exports to Romania. This included $79 million in credits to Romania during 1970-73, 42 percent of which were for cotton, 37 percent for wheat, and 18 percent for feedgrains. In 1974 and the first 6 months of 1975, credits worth another $51 million were extended, including $31 million for feedgrains and $20 million for cotton. (However, only $12 million of the credits for cotton were used—all in 1975.)

With the exception of the $38-million sale in 1974, all cotton exports to Romania have been financed by the CCC. Cattle hides and soybean meal, on the other hand, have never been available to any destination under CCC financing.

U.S. imports of Romanian farm products last year amounted to $11.8 million

An article in a subsequent issue of *Foreign Agriculture*, will look at some of the measures being taken by Romania to improve the efficiency of its agricultural sector.

for a 39 percent gain from 1973's. Canned pork products (4,900 tons) accounted for 84 percent of this total. In 1973, the United States took 3,300 tons of Romanian canned hams alone —about 15 percent of the country's total canned meat export.

Cheese, ostrich feathers and down, poppyseed, and wine made up most of the remaining U.S. farm imports from Romania last year, while leather shoes and cotton textiles went into the industrial import tally of $119 million.

This expansion in exports to the United States is part of an overall drive to increase shipments to hard-currency nations. Agricultural products have played a particularly large role in such efforts, accounting for 45 percent of total shipments to hard-currency countries, compared with 29 percent of exports to all countries.

Sunflowerseed oil is among the products stressed in this trade. Next to the USSR the world's largest sunflowerseed oil exporter, Romania in 1970-74 shipped an average 130,000 tons of this product to hard-currency countries of Western Europe. Exports in 1975, however, are declining somewhat as a result of a poor 1974 sunflowerseed crop and Romania's decision to maintain the domestic consumption level of vegetable oil.

Another leading export to hard-currency countries is meat and meat products, with Italy and West Germany the two major markets, accounting for 32 and 15 percent, respectively, of the 99,700 tons shipped in 1973. Figures are not yet available, but it is known that exports in 1974 were adversely affected by the EC beef ban.

In line with this growing role in the international community, Romania is a member of the General Agreement on Tariffs and Trade (GATT), the World Bank, and the International Monetary Fund. It has also enjoyed preferential trade status in the EC since January 1974, and now has most-favored-nation trade ties with the United States.

In addition to focusing on hard-currency sales, Romania is attempting to ship more agricultural products in the form of processed or semi-processed goods. The reasoning is that export returns will be greater for these value-added items than for the raw materials, while additional money and employment will be generated at home in the manufacturing processes.

This emphasis explains in part the

Top: Circular knitting machines in Romania produce textile goods for domestic use and export. Above: Alexandru Cocosica, manager of Afumati State Farm (near Bucharest), and Antony Pavel, of Ministry of Agriculture, survey wheat crop. Left: Field of barley ripening at Romanian Institute for Agricultural Research, Fundulea.

growth in U.S.-Romania trade in recent years: Romania imports raw U.S. farm products for processing and export as value-added products to a number of hard-currency countries.

So far, this trade has been very favorable to the United States. In 1970-74, for instance, the ratio between U.S. exports of cotton and cattle hides, on the one hand, and U.S. imports of Romanian cotton fabrics, clothing, and leather shoes, on the other hand, was about 3.5:1 in favor of the United States. In the same period, the ratio of the value of U.S. exports of grains and oilseed meals to that of imports of Romanian canned meat and cheese was 8:1.

While Romanian export plans have worked in favor of U.S. farm exports, creating an agricultural interdependence between the two countries, there is no ready assurance that the United States will maintain its share of the Romanian raw material market. Romania does, for instance, plan to expand production of textiles and shoes, but it hopes to obtain larger percentages of the raw materials from local sources, including domestic cotton, chemical fibers, and synthetic leather. The United States also faces competition from countries that have bilateral trade arrangements with Romania.

U.S. grain exports to Romania carry a similar uncertainty, since in normal years, the country has an abundant grain production of its own—it was a net exporter until 1969 and again in 1972/73. In fact, the recent upsurge in Romanian grain imports is as much the result of poor crops as it is of expanded domestic demand.

In the recent past drought was the main cause of reductions in grain output, down from a record 16.9 million tons in 1972 to 13.8 million in 1973 and 13.2 million in 1974. This situation forced Romania to turn to the world market for an estimated 800,000 tons of feedgrains in 1974/75. Then in July 1975 extensive floods hit the country, cutting crop prospects once more and necessitating a large volume of grain imports.

MUCH OF THE drop between 1972 and 1974 was in corn, far the most important grain crop in Romania with about 31 percent of arable land and 20 percent of irrigated area. This crop is not only the major ingredient in animal feed, but it also accounts for at least a quarter—and possibly more—of Romanian per capita cereal consumption, although this share varies with region and ethnic group.

With this importance—and the recent poor results in mind—the Government has placed special emphasis on grain production, particularly corn, over the next 5 years. Current goals aim at an annual production of 20 million tons of grain in the 1976-80 period.

These targets seem unrealistic in view of trend yields and the poor results of the recent past. However, there is substantial room for improvement in grain production since most of Romania's crop yields are still the lowest in Eastern Europe, despite the country's generally favorable topography and soils.

Like the grain crops, Romania's sunflowerseed production was adversely affected by poor weather in 1974, with output plunging to 671,000 tons compared with a 1970-74 average annual production of 767,000 tons. Because of the poor crop, Romanians estimate 1975 edible vegetable oil production at only 305,000 tons, compared with 332,000 in 1974.

Romania is the world's third largest sunflowerseed producer—with a 1973 area of 1.3 million acres or 5 percent of all arable land—and is a recognized leader in sunflowerseed research. Through 1973, export earnings from sunflowerseed oil exceeded those from all other farm products except grain and meat and meat products. (Although Romania is a net grain importer, its grain exports have remained substantial).

But the greatest barrier to expanded

Continued on page 16

U.S.-ROMANIAN TRADE RELATED TO CLOTHING INDUSTRY, 1970-1974

Item	1970	1971	1972	1973	1974
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
U.S. exports of raw cotton	6,700	8,000	7,400	11,600	38,800
U.S. imports of cotton fabrics & clothing	1,400	1,700	2,300	6,800	5,600
	1,000 tons	*1,000 tons*	*1,000 tons*	*1,000 tons*	*1,000 tons*
Total Romanian cotton imports[1 2]	83.2	91.6	97.1	107.6	([3])
Romanian imports of U.S. cotton[1 2 4]	10.3	12.6	10.0	15.3	([3])
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
U.S. share of Romanian cotton imports[1]	12.4	13.8	10.3	14.2	([3])
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
U.S. exports of cattle hides	3,700	4,400	19,600	18,100	24,100
U.S. imports of leather shoes	1,300	2,200	3,500	9,600	11,600
Total Romanian imports of hides[1 5 6]	30,500	23,100	43,600	58,300	([3])
Romanian imports of U.S. hides[1 4 5 6]	3,900	1,900	19,600	20,900	([3])
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
U.S. share of Romanian hide imports[1 7]	12.7	8.0	44.9	35.9	([3])
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
U.S. exports of raw cotton and hides[7 8]	10,400	12,400	27,000	29,700	62,900
U.S. imports of Romanian cotton fabrics and clothing, and leather shoes[7]	2,800	3,900	5,900	16,300	17,200

[1] Romanian data. [2] Romanian value data not available. [3] Not available. [4] May differ slightly from U.S. export data in some years. May reflect shipping lags. [5] Romanian volume data not available. [6] Converted from Romanian currency values using exchange rate $1=4.97 leu. [7] Discrepancies may appear because of rounding. [8] U.S. export data used for purpose of uniformity. Despite yearly differences between U.S. and Romanian data on cattle hide shipments, for the 1970-1973 period, U.S. data show $45.8 million. Romanian data $46.2 million.

Slump in Australian Wheat Output Forseen

By R. KEITH SEVERIN
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AUSTRALIAN HOPES for a bumper wheat crop this year have been dashed by extremely dry weather, which could cut output some 20 percent below last year's. Seeding is later than ever before, and acreage and prospective yields are both likely to be sharply down. Dry weather has also normalized pasture conditions, after 2 excellent years, forcing a cutback in animal numbers.

So far, however, the only certainty about Australia's 1975 wheat harvest is that it will not be as large as those of the past 2 years. Production estimates vary widely, ranging from 8 million metric tons to over 10 million, compared with the official Australian preliminary figure of 11.3 million tons for 1974 and 11.9 million in 1973. In turn, export availability will be sharply reduced, probably to about 5.5-6 million tons for December 1975-November 1976, the Australian wheat marketing year.

On a U.S. fiscal year basis (July-June), however, because of the drawdown of stocks and the timing of shipments, there is likely to be little difference between 1974/75 and 1975/76 volumes. The actual 1974/75 export level is estimated to have reached about 8 million tons, and with crops as currently projected, the quantity available for shipment in 1975/76 will be about 8-8.5 million tons.

Although the Australian Wheat Board has sold 750,000 metric tons of wheat to the Soviet Union for delivery through May 1976, its main concern will be to supply its traditional customers, including Japan, the People's Republic of China, Egypt, and Iran.

Foreseeing good world demand for wheat in 1975/76—if not for consumption then to replenish stocks—the Australian Government last March suspended wheat delivery quotas. Further, first advance payments to producers were increased by 30 Australian cents per bushel to total A$1.50 (A$1= US$1.31).

These actions were designed to encourage farmers to raise output and thereby deliveries to the Australian Wheat Board. Deliveries from the 1974 harvest resulted in an export availablity of about 9.6 million metric tons.

This season, the long spell of dry weather has delayed wheat planting by from 2-10 weeks—the latest planting on record. Depending on region, seeding normally begins in May and is concludedby end-June or early July. But until late June, some areas had received no rain since before the 1974 harvest last November and December.

As a result, some Australian farmers were still seeding wheat in late July and crop development was well behind schedule. Crop development is the least retarded in Western Australia and the most retarded—as much as 10 weeks—in some parts of South Australia, Victoria, and New South Wales.

Planting intentions reported by the Australian Bureau of Statistics at the end of March indicated that an area of 9 million hectares would be sown. Now, however, the continued dry weather has led wheat industry spokesmen to estimate plantings at only 8.3-8.5 million hectares. Official estimates of actual sown area will be published in October.

In addition to reducing acreage, the dry weather will also affect yields. Yield potential is influenced by the timing of planting and crop development, so that to the degree that plant development is delayed, yields are reduced. If the length of the growing season is shortened by delayed sowing, for example, less tillering occurs, so that the number of heads of grain that develop on each plant is reduced, thereby lowering yield.

In one region, where planting was running 9-10 weeks behind normal, some Australian specialists maintain that yield potential in their region declines by one bushel per acre for each week that seeding is delayed beyond the optimum date.

In an attempt to minimize yield losses and hoping for timely rains, some Australian farmers seeded their wheat this year at the optimum time but in soil too dry to promote germination. Under these conditions, germination was reduced substantially in some cases. Other farmers chose to wait for moisture and to plant later. Many increased their seeding rate by about 15 percent to compensate for reduced tillering.

Livestock producers are suffering more from the lack of export demand for their beef than from the effects of the weather. However, as the season progresses and the hot, dry summer approaches, producers fear that water and pastures will be inadequate.

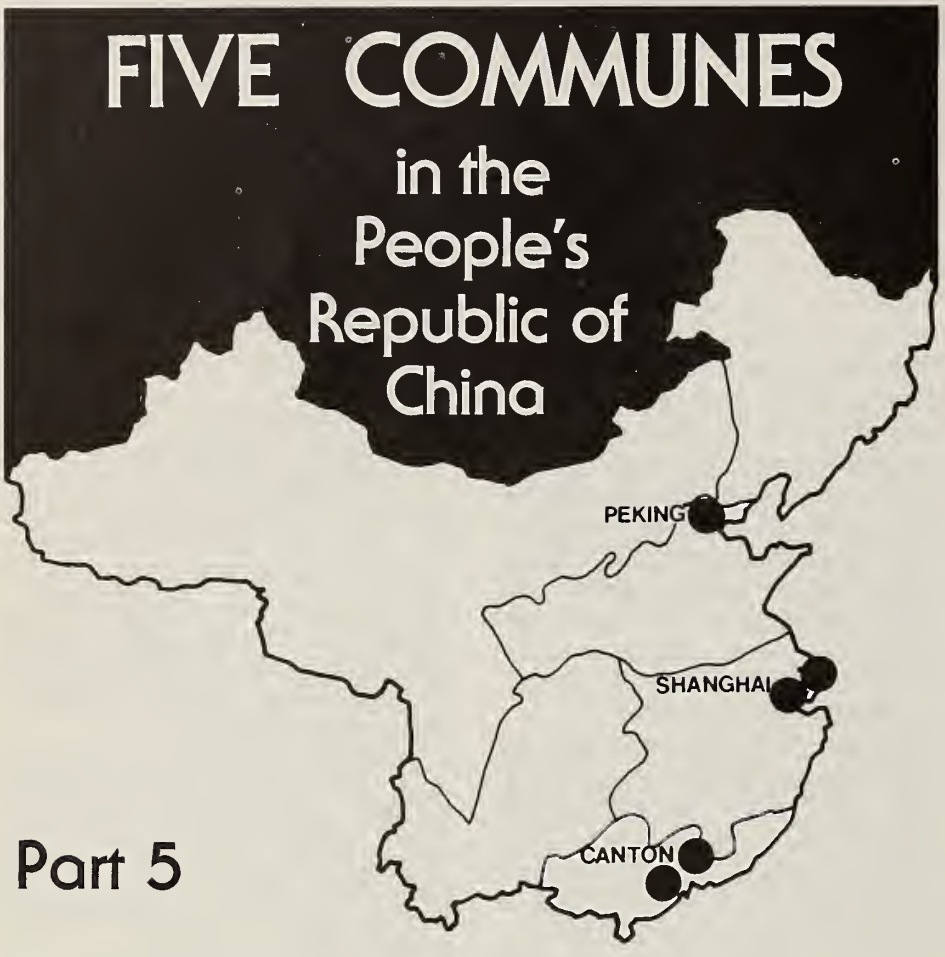
Australia's enlarged livestock herd, stimulated by strong global demand for animal products several years ago, has been easily fed on the extraordinarily good pastures of the last two seasons. Cattle numbers, as of March 31, were 7.2 percent greater than the previous year, while sheep flocks were up 5.4 percent. Clearly, Australian livestock herds, particularly beef, are too large relative to demand and to the prospective supply of feed and water.

This report is based on first-hand observations by the author, who toured Australian wheat-growing areas July 14-28.

AUSTRALIAN WHEAT AREA, YIELD, PRODUCTION, EXPORTS

Year beginning December 1	Area	Yield	Production	Exports[1]
	Million hectares	*Quintals per hectare*	*Million metric tons*	*Million metric tons*
1969/70	9.5	11.1	10.5	8.2
1970/71	6.5	12.2	7.9	9.0
1971/72	7.1	11.9	8.5	7.8
1972/73	7.6	8.5	6.4	4.1
1973/74	8.9	13.4	11.9	7.4
1974/75, est.	8.3	13.6	11.3	9.5
1975/76, proj.	8.3-8.5	11.0	9-9.5	[2]5.5-6
1964/65-1973/74, avg.	8.2	11.8	9.7	6.9

[1] Including flour and products. [2] Export availability for July-June 1975/76 would still be about 8-8.5 million tons, compared with 8 million in July-June 1974/75. Note: Wheat delivery quotas were in effect for the years 1969/70-1974/75. Source: Official Australian data, except for 1975/76 projections.



Part 5

China's Farmers "Work More, Earn More"

By HAROLD C. CHAMPEAU
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PRINCIPLES governing payment of agricultural wages or distribution of agricultural income in the People's Republic of China were spelled out clearly at the July 1 Commune, where one official repeated the tenet, "From each according to his ability; to each according to his work."

This doctrine was expressed more bluntly at the Lok Gang Commune, where the principle of income distribution was stated simply as "work more, earn more; produce more, earn more."

Under such guidelines it is apparent —and is, in fact, admitted—that the strongest, fastest agricultural workers earn more work points and hence more income than slower workers.

As nearly as could be determined, the highly complicated system of payments operates at the July 1 Commune—and possibly at others—as follows:

As the basic producing organization and accounting unit of the commune, the production team is charged with the responsibility for the distribution of agricultural income. Twice a year, the teams carry out surveys and evaluations of each team member according to such criteria as:

Attitude of the member toward labor; attitude toward collective property; technical level of work performed; physical output of the worker.

After making such an evaluation, the responsible team members determine, on a "friendly basis," the total number of points each team member should receive. There is flexibility according to circumstances, however, and the hypothetical example was given of a worker in poor health but who had a "good" attitude and who probably would have produced much more if health permitted. A discussion of his case by team members would probably result in the award of more points than the worker would otherwise deserve.

The procedures used in computing production team income for purposes of determining the value of work points follows:

- Compute total gross income.
- Deduct production costs—usually about 25 percent.
- Deduct public funds—about 13 percent.
- Deduct Central Government tax. (Each team evidently is assessed a tax of about 4 percent of gross income.)
- The balance is then divided among production team members according to the work points earned.

When the July 1 Commune was established in 1958, the level of taxation set by the Central Government accounted for 7 percent of production calculated on the basis of "normal" yields per unit area of land.

These yields, varying from area to area, were determined by the local government on the basis of an average year. Through the years, the norm has remained at the same level and has become, in effect, a tax based on a specified quantity, rather than on a percentage.

With continually increasing production, the margin left for disposition by the commune has also increased, and, concommitantly, the percentage of the tax relative to total production has decreased.

Thus, in the past few years, the Central Government tax has amounted to only about 4 percent of the total production of the average production team. The incentives to increase output and the increased benefits accruing to a production team under such a system are obvious.

At the Lok Gang Commune, the total value of agricultural production in 1973 was given as more than $4.6 million,[1] of which 60 percent was distributed to commune members and 40 percent used

[1] **Statements on production and yields in this article are those of officials at the five communes visited by the author. FAS does not necessarily agree with data in this series. The facts and figures reported to the author by PRC officials are presented without analysis or comment.**

as follows:

- Production costs (20 percent of total income);
- Public reserve fund (8 percent);
- Public welfare fund (6 percent;[2]
- Agriculture taxes to the Central Government (6 percent).

The distribution of income according to work points is part in cash (about 70 percent of total distributed income) and part in kind (about 30 percent). Payments in kind are primarily grain and firewood. According to the figures given by one commune official, the quantities of grain distributed appeared to be substantial. Each person, on average, now receives about 572 pounds—a distribution made "according to need."

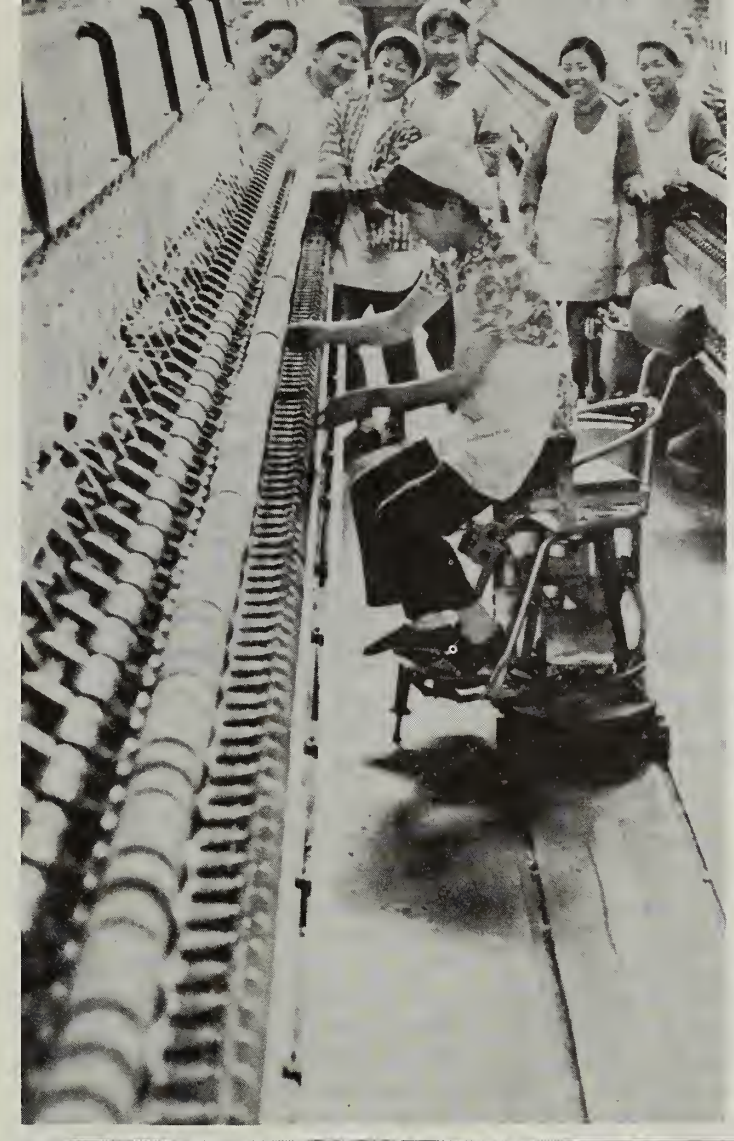
Formerly (no year was given) grain distribution averaged only 440 pounds per person, and it was not explained whether this quantity was milled or unmilled rice, wheat, or some other grain, or a combination. Probably the types and quantities of grain depend on the types and quantities grown at the commune. Also, it was not explained whether such distribution is the only access open for commune members to grain, or just how commune members may purchase additional grain.

Income from commune-operated industries and other enterprises accrues to the commune, and that from brigade-operated enterprises goes to the brigade, and so on down the line. Workers in some enterprises are paid monthly salaries, while others probably are paid under a piece-work system, although this situation was not verified.

THE LEVEL of income is, of course, dependent on a number of factors, but the following examples reflect peasant income on model communes: At the Red Star China-Korea Friendship Commune the average annual income per worker is about $168. At the July 1 Commune, average income per household in 1973 was about $375. (For an average 3.95-person household, about $95 per person.)

A worker's family visited at the commune earned about $1,008 in 1973, an average of about $168 per working member. From the appearance of the dwelling and the furnishings and be-

[2] **In contrast, only 2 percent of total commune income went into the public welfare fund at the Red Star China-Korea Friendship Commune.**



Left: Cotton mill worker rides an electrically driven chair to tend spindles and looms at the Shanghai No. 6 Cotton Mill. Below: Tea pickers harvesting crop in new fields. While workers' cash income is not high (some families earn only $200-$300 per year), there is added income in payment of kind—grain, firewood, and the right to grow crops, for example.

A worker of Hui nationality operating a warping machine at the Yinchuan Cotton Mill in the Ningsia Hui Autonomous Region, one of a number of modern cotton mills set up in national minority regions.

cause it was selected for a visit by a foreigner, the family probably was of above-average means.

The average annual income per household of 4.7 persons in 1972 at the Hua Tung Commune was given as about $242, of which about $192 was collective income and $50 from private plots—per capita income of only $51 per year.

At the Lok Gang Commune, average income per member in 1973 was stated at $139—a figure that seems high and cannot be reconciled with figures for total value of agricultural production and distribution. Even translation problems with "value" and "income" would not explain this disparity.

It is possible that the $139 figure was income per household rather than per person, but that would be too low. The figure is included here only because data obtained are so limited and because the figure may include a large amount of nonagricultural income earned on the commune.

ALTHOUGH monetary income may not be high, there is the added income of payment in kind. Consumer prices also are important, as they are generally low and stable. And not the least among other factors contributing to workers' income—at least at the Lok Gang Commune—are such fringe benefits as these: Workers generally have their own houses; they pay no rent or water fees; they can freely obtain their own wood for fuel—quantity depending upon region; they can grow their own crops, livestock, and poultry for their own use or for sale.

As a result, savings are increasing in the countryside. At the Hua Tung Commune, savings deposits totaled about $590,000 in 1974—25-30 times the level prevailing when the commune was first established. When a part of the disposable income of a worker's household is saved, it is typically spent for such items as bicycles, radios, or sewing machines. More ambitious expenditures are also being made for new housing.

Health and education are areas to which commune officials point with justifiable pride. The visitor cannot help but be impressed by the visible signs of apparent good health in all areas and by the medical facilities—not pretentious but seemingly adequate—where services are freely available to all commune members.

Chairman Mao has said that medical priorities should be focused on the countryside, and it is quite apparent that much attention and effort have been placed on commune medical services. Each commune visited had one commune-operated hospital and one commune had two. Each brigade and several commune-operated factories were equipped with clinics, each typically staffed by three or four so-called "barefoot doctors." In addition, many of the production teams are assigned one health worker each.

The hospitals visited had departments of internal medicine, external medicine, gynecology and obstetrics, surgery, pediatrics, dentistry, and outpatient clinics, along with laboratories and x-ray facilities.

As far as could be determined, both traditional and Western medicine is practiced in all of the hospitals, and probably in the clinics as well. Surgery carried out includes a number of well-known operations along with deliveries and abortions, although there is a decline in the rate of abortions with increasing use of birth-control pills and devices. Patients who are seriously ill or who require complicated or advanced surgery are usually referred upward to the larger urban hospitals for treatment or surgery.

Government policy is to concentrate on prevention of disease, rather than to depend on post-facto treatment of disease or illness. Thus, there are sanitation campaigns—of which the fly-killing campaign is perhaps the best-known—and the use of inoculations for disease prevention. In Kwangtung, officials at the Lok Gang Commune claim that smallpox in that area has been wiped out through such efforts, although no dates were given.

HOW DOES ONE become a "barefoot doctor?" This question was answered at the July 1 Commune this way: After graduation from middle school, the future "barefoot doctor"—who may at that stage be unaware of the possibilities of medicine as a career—works for 2-3 years in the countryside. His performance is then evaluated by his fellow workers, and he is chosen by them to serve as a "barefoot doctor." His own interests and inclination, however, will be a factor in his acceptance of that apparent honor.

If the worker accepts the invitation, he is sent to a large hospital—to Shanghai, in the example given—where he is trained for up to 6 months in a wide range of medical skills. The worker then returns to the commune and takes up duties at the brigade-level clinic. One "barefoot doctor" interviewed has been serving in that capacity since 1965.

As a result of this comprehensive program to upgrade the health of China's rural population, there is little doubt that the Central Government has gained much in that area. Not the least of the benefits—but not mentioned at any of the communes—probably is

Continued on page 16

U.S. Farm Export Value in '75 Sets Record—Volume Slips

By SALLY E. BREEDLOVE
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THE VALUE of U.S. agricultural exports set another record in fiscal 1975,[1] though volume sank 15 percent. Fiscal 1975 farm exports totaled $21.6 billion, a $289-million improvement over the 1974 record.

U.S. agricultural imports rose by $30 million to $9.58 billion, but the agricultural trade surplus set a record of $12 billion. This more than offset a deficit in nonagricultural trade of $9.8 billion to produce a favorable balance in total U.S. trade of $2.2 billion in 1975.

Limiting factors on farm export volume, which declined from 100 million metric tons to 85 million tons, included: The reduced 1974 U.S. grain harvest and resulting high prices; improved weather and expanded crop production in some U.S. markets and competing countries; the worldwide recession, which stifled demand for high-quality food; and depressed livestock industries in many countries.

On the other hand, at least two developments strengthened demand for U.S. farm products: The newly rich oil-exporting countries' decision to import foodstuffs for domestic consumption; and poor harvests in important countries such as India and Mexico.

The $289-million increase in agricultural exports was the result of changes in the export value of all commodities. Exports of grains and grain preparations expanded to exceed half the total value. Tobacco, vegetables, and fruits also became larger parts of the export trade. Export value declined for oilseeds and oilseed products, animal products, and cotton.

Showing the greatest value increases were nonfat dry milk, sugar, corn oil, sunflowerseeds, choice white grease, lentils, pork, raw linseed oil, dried beans, and soybean oil. The sharpest value declines occurred in exports of oats, cottonseed, beef, upland cotton, live animals, dried prunes, cotton linters, oilmeal, barley, fresh and frozen turkey meat, and flaxseed.

Exports took the production of 3 out of 10 acres harvested by U.S. farmers in 1974—96 million acres.

More than half of the wheat and cattle hides produced in calendar 1974 were exported, along with nearly one-half the soybeans, one-third of the tobacco, cotton, and tallow, and one-quarter of the feedgrains.

Fiscal 1975 **wheat** and **wheat product** exports were valued at $5 billion. The 999 million bushels of wheat exported were 10 percent below the fiscal 1974 total and 12 percent below the 1973 record, but still 68 percent above the 1970-1972 average.

The unit value of wheat exported in fiscal 1975 was $4.80 per bushel, up from $4.12 per bushel the previous year. However, prices declined from $5.27 in November 1974 to $4.57 during the fourth quarter.

As a result of its poor 1974 monsoon, India became the largest market for U.S. wheat, more than tripling its imports—from $203 million to $657 million.

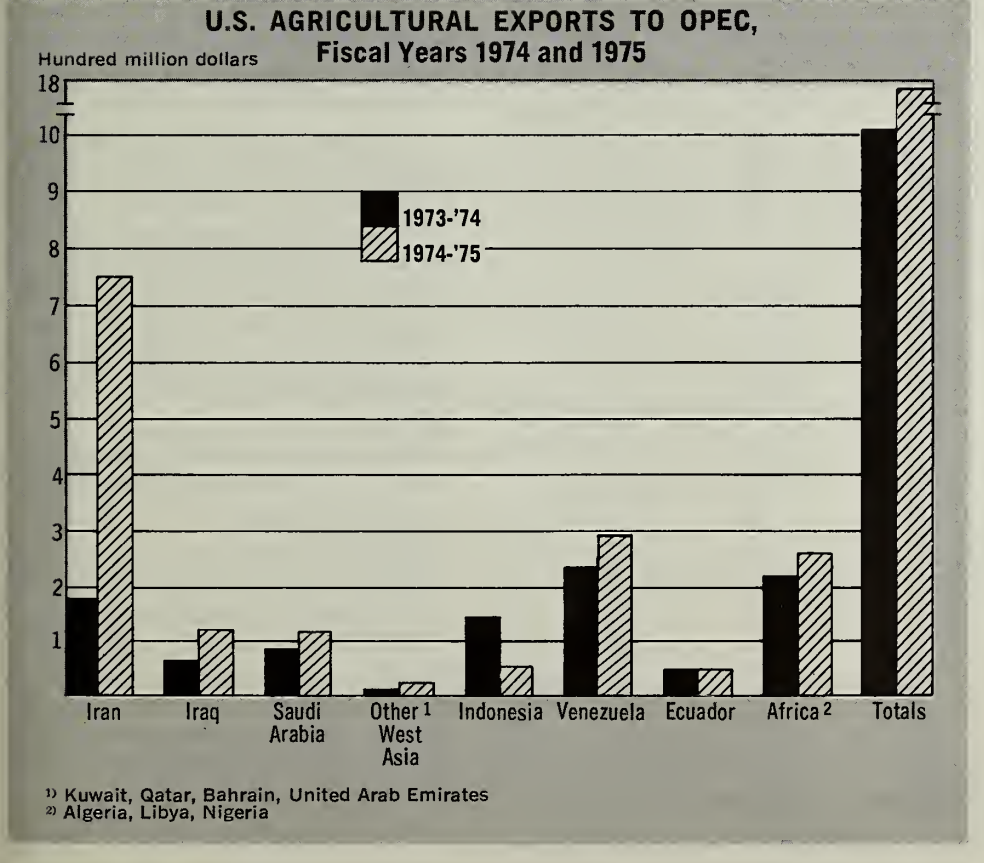
Feedgrain exports were valued at $4.76 billion during 1975. Export volume was down 22 percent from the 1974 level, though at 34 million tons it exceeded the 1970-1972 average by 72 percent. Export unit value was $139 per ton in 1975, compared with $106 per ton in 1974.

THE 1974 U.S. feedgrain crop was almost 20 percent below the 1973 record harvest, greatly reducing the volume of grain available for export. Demand for feedgrains dropped as meat consumption and prices declined.

Japan purchased $982 million worth of US. feedgrains during fiscal 1975, 15 percent below last year's total. Volume, at 7.2 million tons, was 70 percent of the 1974 level. The volume of feedgrains shipped to the European Community fell by 5 percent.

During 1975, **rice** exports reached the $1 billion mark, 33 percent above the 1974 level. The volume was up 45 percent to 2.3 million tons. The unit value

[1] **All years are U.S. fiscal years, July 1-June 30, unless otherwise indicated.**



declined as a result of a marked shift from parboiled to brown rice.

Korea catapulted its rice imports from fiscal 1974's unusually low $32 million to $228 million. Iran expanded its purchases of U.S. rice from $12 million to $227 million.

Volume of exports to the two major rice markets of 1974, South Vietnam and Cambodia, fell by 80 percent and 12 percent, respectively.

U.S. **soybean** exports fell 22 percent in volume to 405 million bushels during 1975. Export value fell 9 percent to $3 billion. The decline in value was the first since 1968. Export volume remained 60 percent above the 1965-1969 average.

Soybean shipments to all major markets except Spain and Canada declined. Soybean export unit value was $7.30 per bushel during 1975, up from $6.30 last year. Prices have fallen since last fall, however. The export unit value was $7.99 in October and November 1974, and $6.22 in June 1975.

In 1975, **oilcake** and **meal** exports were valued at $732 million, 36 percent below the 1974 level. Volume was 4.7 million short tons, compared with 5.5 million in 1974 and 5.3 million in 1973. Export unit value fell 25 percent to $156 per ton.

Soybean oil and **cottonseed oil** exports at $703 million, spurted 64 percent from 1974's. Export volume was up 14 percent. World supplies of vegetable oils were very tight during the year, but recently large supplies of Malaysian palm oil have entered the market.

The world textile industry has been in a depressed state. U.S. **cotton** exports declined to $1 billion in 1975 from $1.3 billion last year. Export volume declined to 3.8 million bales, which was two-thirds of the 1974 level and four-fifths of the 1973 level.

All major markets reduced their volumes of cotton imports. The greatest declines occurred in shipments to the Far East.

Tight U.S. and world supplies characterized the **tobacco** market in 1974/75. U.S. tobacco exports, including bulk smoking tobacco, were valued at $910 million, up from $814 million. Export volume of 638 million pounds was 8 percent below the 1974 level.

Japan became the largest market for U.S. tobacco, with shipments valued at $167 million.

U.S. AGRICULTURAL EXPORTS, VALUE BY COMMODITY
FISCAL 1974 AND 1975

Commodity	1974	1975	Change
Animals and animal products:	*Mil. dol.*	*Mil. dol.*	*Percent*
Dairy products	65	141	+117
Fats, oils, and greases	506	487	— 4
Hides and skins, including furskins	460	411	— 11
Meats and meat products	317	342	+ 8
Poultry and poultry products	143	135	— 6
Other	265	191	— 28
Total	1,759	1,707	— 3
Grains and preparations:			
Feed grains, excluding products	4,643	4,762	+ 3
Rice	752	1,002	+ 33
Wheat and major wheat products	4,738	5,001	+ 6
Other	199	177	— 11
Total	10,332	10,942	+ 6
Oilseeds and products:			
Cottonseed and soybean oil	427	703	+ 65
Soybeans	3,254	2,951	— 11
Protein meal	1,135	732	— 36
Other	409	466	+ 14
Total	5,225	4,852	— 7
Other products and preparations:			
Cotton, excluding linters	1,294	1,017	— 21
Tobacco, unmanufactured	814	910	+ 12
Fruits and preparations	589	648	+ 10
Nuts and preparations	158	157	— 1
Vegetables and preparations	407	549	+ 35
Other	715	800	+ 12
Total	3,977	4,081	+ 3
Grand total	21,293	21,582	+ 1

The United States exported $648 million worth of fresh and preserved **fruits** in 1975, compared with $589 million in 1974. The growth in exports of fresh fruits more than offset the decline in exports of dried and canned fruits and fruit juices.

Canada increased its share of U.S. fruit exports to two-fifths in 1975. The volume of fruits exported to Japan and Western Europe declined significantly.

U.S. exports of **vegetables** and **vegetable preparations** increased 35 percent in value in fiscal 1975, to $549 million. The bulk of the increase was due to the near doubling of pulse exports from $102 million to $194 milion.

CANADA remained the major importer of U.S. vegetables. Its $179 million in imports included $124 million worth of fresh vegetables—86 percent of U.S. fresh vegetable exports.

Exports of **nuts** remained steady at $157 million, following several years of large increases. Almond and walnut exports rose in volume, but prices fell.

U.S. exports of **animals** and **animal products** were valued at $1.7 billion, slightly below 1974's level—the result of both price and volume declines.

The export value for inedible tallow fell 9 percent while export volume dipped only slightly. The value of whole cattle hide shipments fell 13 percent despite a 27 percent increase in volume.

Variety meat exports fell 11 percent in value despite a 16 percent volume rise. Poultry meat exports fell 3 percent in volume and 12 percent in value.

U.S. farm exports to the **European Community** (EC) were valued at $5.3 billion in 1975, slightly above 1974's level. Feedgrain exports to the EC increased in value from $1.24 billion to $1.53 billion, while soybean exports declined 14 percent to $1.3 billion. Export volume was down 5 percent for feedgrains and down 28 percent for soybeans.

All countries in the EC reduced their imports of U.S. soybeans, especially Belgium and Denmark.

Oilmeal exports to the EC were valued at $506 million, 77 percent of the 1974 value. Export volume was up 4 percent.

The volume of tobacco exports to the EC fell 14 percent in 1975, as a result of the EC's new preference system for developing countries' tobacco, higher EC cigarette taxes, and Government health warnings.

U.S. farm exports to **non-EC Western**

Europe totaled $1.6 billion, compared with $1.4 billion in 1974 and $817 million in 1973. In 1975, the two largest country markets in this group were Spain, with imports of $790 million, and Portugal, with imports of $278 million.

The two principal commodities exported to non-EC Western Europe were corn and soybeans. Corn exports were up 23 percent in value at $600 million; volume was up 6 percent. Soybean exports were up 8 percent in volume and 22 percent in value at $399 million.

Japan's purchases of U.S. agricultural products were valued at $3.2 billion in 1975, $168 million below 1974's value. Exports of all major commodities except wheat declined in volume.

Corn exports to Japan fell 13 percent in value to $704 million; export volume was less than 75 percent of the year-earlier level. Soybean exports were 14 percent lower in volume; export value fell slightly to $651 million.

Grain sorghum exports to Japan fell 37 percent in volume and 20 percent in value, to $265 million. The value of U.S. cotton shipped to Japan remained at $257 million despite a 30 percent drop in volume. A slight increase in wheat export volume caused a 16 percent rise in value, to $575 million.

The United States exported $1.3 billion worth of farm products to **Canada** in 1975, 10 percent above the 1974 level. Fruits and vegetables continued as the leading commodity groups exported. Corn and soybean exports to Canada increased significantly in value and volume.

Canada imposed import controls on some U.S. animal products, including fresh and frozen beef and veal, slaughter cattle, and turkey meat. Exports of these commodities to Canada fell to one-third of the fiscal 1974 value.

The value of U.S. farm exports to **Latin America** remained at $2.4 billion in fiscal 1975. Volume declined from 1974's extraordinarily high level—the result of a poor crop year in South America in 1973/74.

Mexico was the largest Latin American market in fiscal 1975, importing $851 million worth of U.S. agricultural products. Venezuela was second, with imports valued at $285 million.

Wheat remained the main commodity exported to Latin America, through U.S. shipments there were down 23 percent in both volume and value, to $757 million .Feedgrain exports increased 39 percent in value and 8 percent in volume. Corn exports totaled $325 million, and grain sorghum $137 million.

U.S. agricultural exports to **Southeast and East Asia** (excluding the People's Republic of China (PRC) and Japan) were valued at $1.9 billion, compared with $2.25 billion in 1974 and $1.4 billion in 1973.

The two main reasons for the drop in exports to this region were the recession, which depressed foreign demand for these developing countries' manufactured goods, and the 64 percent decline in shipments to South Vietnam, Cambodia, and Laos.

Exports of all major commodities to Southeast and East Asia declined in 1975. Wheat export volume fell more than 20 percent below the year-earlier level; value declined 15 percent to $490 million. Cotton exports fell 39 percent in volume and 31 percent in value to $352 million.

Agricultural exports to **West Asia** totaled $1.6 billion, double the 1974 value and nearly 5 times the 1973 value. Farm exports to Iran rose from $183 million in 1974 to $757 million in 1975.

U.S. exports of wheat and wheat products to West Asia were valued at $682 million during 1975, 94 percent above the 1974 level. Export volume was up by 69 percent. Rice exports were valued at $343 million, more than four times the fiscal 1974 level; and export volume was 4.6 times as large.

South Asia imported $1.2 billion worth of U.S. farm products in 1975, 85 percent above the 1974 level. South Asia's food production suffered from the poor 1974 monsoon, which brought drought to some areas and flooding to others. India and Bangladesh accounted for most of the gain, while Pakistan's farm imports from the United States remained steady.

Wheat was the predominant U.S. commodity exported to South Asia in 1975. Wheat exports more than doubled in value and volume, totaling $919 million and 218 million bushels.

U.S. farm exports to **Africa** totaled $1.1 billion in 1975, 15 percent above the 1974 level. Most of the increase was due to bigger shipments to Egypt, from $264 million to $388 million.

WHEAT, valued at $438 million remained the primary U.S. commodity shipped to Africa, but export volume was down 17 percent. Feedgrain and rice exports also declined, but more vegetable oils, inedible tallow, tobacco, and cotton were shipped to Africa.

U.S. agricultural exports to **Eastern Europe** were valued at $587 million in 1975, compared with $686 million in 1974 and $450 million in 1973. Sharp declines in exports to Poland, Yugoslavia, Czechoslovakia, and East Germany contrasted with a large increase to Romania, Hungary, and Bulgaria.

Oilmeal exports to Eastern Europe dropped 40 percent in volume and 58 percent in value, to 581,000 tons worth $102 million. Corn exports doubled in volume to 1.65 million tons, and export value rose from $84 million to $229 million. Wheat exports fell from $111 million to $17 million.

U.S. agricultural exports to the **USSR** declined for the second straight year in 1975, from $509 million to $396 million. Wheat exports declined 64 percent in volume to 1 million tons, and export

MAJOR MARKETS FOR U.S. AGRICULTURAL EXPORTS[1]

Country	1974	1975	Change
	Mil. dol.	*Mil. dol.*	*Percent*
Japan	3,353	3,185	— 5
Netherlands	1,470	1,631	+ 11
West Germany	1,537	1,448	— 6
Canada	1,195	1,310	+ 10
Republic of Korea	661	885	+ 34
Mexico	610	851	+ 40
Italy	754	804	+ 7
Spain	644	790	+ 23
India	312	759	+143
Iran	183	757	+314
United Kingdom	684	583	— 15
France	443	454	+ 2
Republic of China	518	410	— 21
USSR	509	396	— 12
Egypt	264	388	+ 47
People's Republic of China	838	328	— 61

[1] Not adjusted for transshipments.

Continued on page 16

CROPS AND MARKETS

COTTON

Syrian Cotton Output Steady

Early forecasts of 1975/76 Syrian cotton production indicate little change in outturn from the 1974/75 level of 665,000 bales, provided irrigation water is adequate. Export availabilities should be about the same as those during 1974/75. Area is thought to have declined very slightly from 1974/75 to about 500,000 acres.

Syria is attempting to expand its domestic textile industry with a planned 5 to 10 percent yearly increase in domestic cotton utilization over the next 5 years. Domestic consumption for the 1975/76 season is currently projected at 185,000 bales, an increase of 9 percent over the 1974/75 total of 170,000 bales.

Through the end of May, the Cotton Marketing Organization had contracted 460,000 bales for export of the estimated 490,000 bales available from the 1974 crop. Actual 1974/75 exports through May 31 totaled 232,824 bales.

Hong Kong Cotton Imports Low

The world textile recession depressed Hong Kong's raw cotton imports to 500,000 bales from August 1974 through April 1975, 20 percent below imports in the same period in 1973/74.

Because of relatively higher prices, U.S. cotton in the 1974/75 season lost most of the gains made in 1973/74 when its share of the Hong Kong market rose to an unusually high 44 percent of total imports totaling 832,000 bales. From August 1974 through April 1975 the U.S. share of Hong Kong's imports dropped to only 96,000 bales, 20 percent of the total, compared with 244,000 for the same months in 1973/74.

Nevertheless, through April the 1974/75 U.S. share of the Hong Kong market was similar to that in the early 1970's. Hong Kong has recently reported an upturn in textile orders, particularly for coarse count yarns.

Turkish Cotton Acreage Down

Increased production costs and lower world prices prompted Turkish farmers to reduce cotton acreage during the 1975/76 season to around 1.5 million acres, down 27 percent from last year. In addition, late spring rains delayed 1975 plantings and necessitated replantings in some areas.

The acreage decline is expected to cause output to fall more than 500,000 bales below the 2.8 million bales produced in 1974. However, record August 1 carryover stocks of around 1.3 million bales will boost cotton supply in 1975/76 above the 1974/75 level.

As world cotton prices decreased in 1974, the Turkish Government decided to hold cotton off the market in anticipation of an upsurge in world cotton demand. The Government policy was to hold the cotton until world prices approached the high domestic levels caused by high 1974/75 support prices. Rising production costs could be a basis for even higher producer support prices in 1975/76.

Foreign demand for Turkish cotton increased in mid-April, when Turkish export prices became more competitive, but, more recently, depressed world demand has slowed export sales. Cotton exports in 1974/75 are not expected to exceed 920,000 bales, compared with 1 million bales exported in 1973/74.

The Government is attempting to aid domestic textile manufacturers by supplying cotton from State-owned stocks at prices lower than those on the domestic market. Domestic consumption for 1974/75 is expected to be the same as last season's 1,035,000 bales.

Korean Textile Orders Pick Up

Korea has reported a sharp rise in recent weeks in export orders for textiles, particularly clothing and yarn that are made of synthetic or blended materials. All textile sectors have been affected to some degree.

Record textile orders in Korea in April boosted cumulative 1975 orders through late May 41 percent above the comparable period a year ago, although actual exports were still down 13 percent. Most industry sources have been hesitant to conclude that the rush of new orders portends a sustained upturn from the 1974 slump, but the industry as a whole is now able to operate nearer to full capacity.

The rebound in Korea's export orders so far has been strongest in the United States, Europe, and the Middle East, and weakest in Japan. Korean industry sources believe that further expansion of textile facilities is a certainty once a full-fledged upturn is under way, and Government planners are now leaning toward even heavier reliance on textile exports through at least 1981 than previously projected. In 1974, textiles accounted for 34 percent of the total value of Korean exports.

SUGAR AND TROPICAL PRODUCTS

Trinidad Imports Cuban Sugar

The Government of Trinidad and Tobago recently imported from Cuba 3,500 metric tons of granulated sugar, to be reserved solely for industrial uses. Labor unrest during January-April caused a shortfall in Trinidad's own sugar production.

While Trinidad's sugar output will fall short of the 228,000 long tons announced at the beginning of the 1974/75 season, cane grinding continued into July and crop estimates have been revised upward from recent low forecasts. Production is now expected to amount to 158,000 tons.

Importing sugar for local consumption enabled Trinidad to fulfill a 55,000-ton export commitment to the United Kingdom, as set in the Lomé Agreement between the European Community and the African, Caribbean, and Pacific nations.

India's Jute Crop Down

According to official Indian sources, total output of jute and mesta during 1975/76 is currently forecast at 5 million bales, of 180 kilograms each, compared with 5.5-5.6 million bales in 1974/75. The decline is attributed to a sharp reduction in area under this year's jute crop, particularly in the southern districts of West Bengal, because of dry weather at planting time during January-March 1975. Some jute land is also reported to have been diverted to the cultivation of rice because of price factors.

U.S. Twine Imports Up

U.S. baler and binder twine imports during June 1975 totaled 6,970 long tons, slightly more than half the June 1974 volume. However, October-June 1974/75 imports of the two agricultural twines were 114,645 tons (257 million pounds), 8 percent above record imports during the first 9 months of 1973/74. Thus, twine supplies for the 1975 hay harvest remain favorable and should be adequate to meet foreseeable needs.

Domestic production of synthetic agricultural twines is reported to be increasing rapidly, which will help reduce U.S. dependence on imports of natural sisal twines.

TOBACCO

U.S. Flue-Cured Auction Prices Soft

Early auction sales of the 1975 U.S. flue-cured tobacco crop in Florida, Georgia, and the Carolinas saw leaf prices rise little, if at all, from those of early sales days in the 1974 crop auctions. Only 11 percent of the estimated total 1975 U.S. flue-cured crop of 1.4 billion pounds had been auctioned through the end of July and early prices for lower grade primings and lugs may not reflect demand for upstalk higher-grade leaf.

As marketings of better grade leaf increase, prices are rising. However, the Flue-Cured Stabilization Corporation has supported prices by purchasing over 30 percent of this year's marketings to date, compared with about 9 percent last season. This may be an indication that the 1975 flue-cured crop, estimated to be 12 percent above 1974 production, will alleviate some of last year's shortage of quality flue-cured leaf. Raw leaf prices for the 1975 crop may thus rise little over last year's flue-cured average, which was $1.05 per pound.

West German Imports of U.S. Tobacco Down

West Germany, a key U.S. tobacco market, will likely import slightly less U.S. tobacco in 1975 than last year. German imports from the United States in 1974 totaled 104 million. pounds, of which 71 million pounds were flue-cured.

Factors contributing to the expected decline in imports include higher German tobacco stocks, the rising value of the U.S. dollar, some stagnation in the growth of German tobacco consumption caused by higher cigarette taxes, concern for smoking and health, and the exodus of smoking foreign workers as a result of the economic slump. These factors are expected to outweigh a larger U.S. crop and possible softening of U.S. leaf prices, which would favor U.S. exports.

The long-run trend in German tobacco imports may see a further decline in the U.S. market share as German manufacturers seek to hold down costs and satisfy the demand trend toward lighter cigarettes by using more lower priced, neutral leaf from other sources. The People's Republic of China supplied West Germany with about 22 million pounds of such flue-cured leaf in 1974.

DAIRY, LIVESTOCK, AND POULTRY

World NFDM Stocks Mount

The world nonfat dry milk (NFDM) "mountain" is approaching Himalayan heights. Mid-July estimates of European Community stocks approached 800,000 metric tons, New Zealand stocks are reported at 160,000 tons, and U.S. Commodity Credit Corporation stocks are listed at 210,000 tons. There is also a growing censensus that a mountain of money will be needed to shrink NFDM stocks to reasonable levels.

The EC Commission has recently suggested a number of actions aimed at stock reduction. One controversial measure would subsidize NFDM as a substitute for vegetable protein in swine rations. Costs may be prohibitive, however: it would cost an estimated $500 million to subsidize 500,000 tons of NFDM for feeds. EC milk support programs are already expected to cost $2 billion in 1975.

Such a subsidy program would have major implications for U.S. trade. On a protein basis, 500,000 tons of NFDM are equivalent to 360,000 tons of 44-percent soybean meal.

Freeze in Brazil Kills Crops, Livestock

A heavy freeze in southern Brazil has devastated crops and livestock. One southern state reported immediate losses of 20,000 to 25,000 head of beef cattle and heavy weight losses on surviving cattle due to stress. Deteriorating pastures have also reduced milk output.

Australian Livestock Industry Seeks Aid

Leaders of Australia's livestock industry recently requested Government assistance to help meet "the most critical financial situation in the industry's long history." Assistance requested included grants or benefits to producers with severe financial problems to ensure that they continue health precautions (inoculation, dipping, culling, etc.) and meet manpower needs.

Producers also requested reduction or elimination of interest on loans, suspension of export charges, redistribution of the cost grant rates for exporters, continued Meat Board funding for assistance in opening markets, and assistance with storage costs for meats.

Dominican Republic Stops Beef Exports

Low levels of cattle marketings have prompted the Dominican Republic to suspend beef exports. Marketings have slumped as farmers have carried their cattle into the rainy season to recoup weight lost in the recent drought. Beef exports have been reduced by nearly one-third so far this year.

Large Sales of East European Poultry to Arabs Reported

Sources in Switzerland indicate that lucrative East European poultry sales to Arab countries have been so large that the East Europeans are experiencing some difficulty in fulfilling the contracts.

Arab countries are also buying up broilers in Western Europe. Arabs have reportedly purchased 35,000 tons of Dutch broilers recently.

Japan Issues New Beef Import Quota

On August 5, the Japanese Government announced an additional 10,000-ton beef quota for the first half of the 1975 Japanese fiscal year that extends from April through September. So far, quotas for 26,300 tons of beef have been issued during calendar 1975.

Japan imported 55,177 tons of beef in 1974, and a record 128,874 tons in 1973. Australia traditionally supplies about 80 percent of this market.

FRUITS, NUTS, AND VEGETABLES

French Tomato Production Climbs

Total 1975 French summer production of fresh tomatoes is estimated at about 600,000 metric tons, 9 percent above last year's. About 280,000 tons of this summer's output are destined for processing, up from last year's by 17 percent.

The increased output was generated by expanded acreage in Southern France, where some producers have shifted deciduous tree orchards to vegetable production.

Raw product prices for 1975 have been influenced strongly by the Government, which is trying to maintain rigid price controls. The growers' request for a 15 percent price increase was not granted.

According to the 1975 interprofessional organization agreement between growers and processors, the farm price for round variety tomatoes is set at about $82.50 per metric ton, 10 percent higher than last year's. For long-variety tomatoes, the 1975 farm price is established at about $90 per ton, 3 percent above last year's.

Plans for 1975 market promotion on tomato products were recently dropped by the interprofessional organization because no particular sales problems were foreseen.

Brazil's Nut Production Up

Brazil's 1975 production of brazil nuts is currently estimated at 46,000 metric tons (in-shell basis), up 9 percent from the 1974 harvest of 42,300 tons. The increase is atrributed to the 2-year cycle of Brazil's nut trees, and to fewer weather and pest problems.

Exports during calendar 1974 totaled 36,900 tons (in-shell basis), down 42 percent from the unusually high 1973 level of 64,000 tons. The United States, West Germany, and United Kingdom continue as primary markets for Brazil's nuts.

Domestic brazil nut consumption has stagnated in recent years at an estimated level of 3,500 tons. While the 1974 level was approximately the same, expectations for 1975/76 are for a dramatic increase in domestic consumption. The jump is expected because of a promotional program by the Brazilian Food Company, a Governmental entity controlled by the Bank of Brazil. The food company holds large stocks of brazil nuts acquired through the Government's minimum price program. For the first time in Brazil, better quality nuts are being made available to the domestic consumer.

The 1974/75 carry-in stocks were reported at about 5,000 tons and at season's end stocks had dwindled to 3,000 tons. Stocks at the end of the current marketing year are expected to remain at the 3,000-ton level.

In December 1974, the Government of Brazil decreed minimum prices for producers and processors of brazil nuts. This is the first year that Brazil has had such minimum prices. As a result, the Government has already purchased more then 20,000 tons of brazil nuts (green weight) from producers. Producer sales to the Government are final.

Argentine Grape Crop Slips

According to the most recent official estimate, the 1974/75 grape harvest in Argentina totaled 3,100,000 metric tons, 12 percent less than the 3,528,000 tons produced in 1973/74.

Exports of fresh grapes during the first quarter of 1975 were 14 percent higher than those in the same period of 1974. Brazil was the largest buyer, followed by Sweden and the Netherlands.

OILSEEDS AND PRODUCTS

U.S. Palm Oil Imports Leap

U.S. imports of palm oil during January-June 1975 totaled 332.6 million pounds—up 135 percent from the 141.5 million imported in the first 6 months of 1974. The bulk of the palm oil imported came from Malaysia and Indonesia.

Malaysia has supplied 275.3 million pounds of palm oil so far this year, compared with 71.6 million in January-June 1974. Imports from Indonesia, however, declined to 28.8 million pounds from 50.9 million in the same months last year. Combined imports of palm oil from both countries accounted for over 91 percent of the current import total.

GRAINS, FEEDS, PULSES, AND SEEDS

USSR Grain Crop Estimate Cut

USDA announced August 11 that its latest estimate of the 1975 grain crop in the USSR is 180 million metric tons.

This latest reduction is 5 million tons below the previous estimate of 185 million tons announced on July 24, and compares with the final 1974 outturn of 195 million tons and a USSR target of 215.7 million tons for the 1975 crop.

Continuing rainfall deficiencies have adversely affected yields of spring planted crops in the Urals region as well as in parts of the spring grains regions farther east.

All of the current 5-million-tons reduction in the crop estimate is accounted for by coarse grains rather than wheat,

which still is estimated at 85 million tons. Rains in late July and early August in the eastern spring grain zone benefited spring wheat in those areas, but was too late to be of much benefit to other grains. Observations of the spring wheat team that recently returned from the USSR confirm that the spring wheat could still benefit from rains during the latter half of August. Corn yields in European USSR are being reduced because of severe weather stress that occurred in late July.

The additional reduction in the Soviet grain harvest for 1975 now points to a total grain import requirement of around 25 million tons, assuming no major change in Soviet policy toward utilization of grain for livestock feed. At the same time, there may also be a reduction in the usual million tons quantity of Soviet grain which is available for export, primarily to East European countries.

Turkish Wheat Harvest a Record

The wheat harvest is nearing completion in Turkey with a record crop of about 10 million metric tons, up 20 percent over 1974's. Although the record wheat output is expected to cover most of Turkey's requirements, Turkey is still trying to purchase 500,000 tons of wheat on the international market. All bids on the latest tender, however, have been rejected because of guarantees now required of Turkey by world grain traders in view of its failure to honor contracts under a previous tender.

Following last year's poor crop, Turkey had to import over 1 million tons of wheat to cover requirements.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 11	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.63	+ 5	5.60
USSR SKS-14	(1)	(1)	(1)
French Feed Milling [2]	3.79	+ 3	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	5.09	+ 6	5.42
U.S. No. 2 Hard Winter: 13.5 percent	5.03	+ 8	5.14
No. 3 Hard Amber Durum	6.48	+ 8	7.72
Argentine	6.68	+10	(1)
U.S. No. 2 Soft Red Winter	3.92	— 1	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.50	+10	4.15
French Maize [2]	3.64	+21	(1)
Argentine Plate corn	4.24	+ 5	4.29
U.S. No. 2 sorghum	3.23	+10	3.76
Argentine-Granifero sorghum	3.28	+13	3.79
U.S. No. 3 Feed barley	2.86	+18	3.36
Soybeans:			
U.S. No. 2 Yellow	6.89	+44	8.46
EC import levies:			
Wheat	.97	— 8	0
Corn	.46	—18	0
Sorghum	.74	—15	0

[1] Not quoted. [2] Basis c.i.f. west coast, England
NOTE: Price basis 30- to 60-day delivery

GENERAL

World Weather Highlights

Brazilian Freeze. Over 90 percent of the 950 million coffee trees in Paraná were damaged by Brazil's mid-July freeze. In São Paulo, about 25 percent of the 780 million trees were damaged.

In Minas Gerais, about 10 percent of the 590 million trees were severely harmed. The damage occurred in the southwestern part of the State where the best quality coffee is produced. Coffee trees in Minas Gerais southeast region (Zona de Mata) were not affected.

There was some damage to early wheat in Paraná, reducing Brazil's wheat crop prospects from 3.5-3.8 million tons to about 3 million. The cold was considered beneficial to wheat in Rio Grande do Sul.

Pastures throughout the freeze zone of southern Brazil were burned, and this will cause heavier than usual livestock slaughter.

Caribbean Drought. Late July rains eased the severe drought in parts of the Caribbean. The extent of relief is not yet known.

Elsewhere. The week ending July 28 brought good rain and some relief to Sweden, East Germany, and Poland. The USSR's spring wheat area received a scattering of showers, mostly in the northern portion. Northern regions of the People's Republic of China picked up additional moisture. Eastern Europe's flood-ravaged areas of the Danube Basin received little additional rain.

Other Foreign Agriculture Publications

- World Grain Situation: Outlook for 1975/76 (FG 8-75)
- Report on USSR Winter Wheat—1975 (FG 9-75)
- Foreign Cotton Consumption Declines (FC 10-75)
- Prospective 1975/76 World Cotton Crop to Decline Sharply from 1974/75 Level (FC 11-75)
- Cumulative August-May Cotton Exports Continue Below Year-Earlier Level (FC 12-75)
- World Red Meat Production in 1974 Increased 5 Percent Over 1973 Level (FLM 6-75)
- Value of April Livestock Exports Was Greater Than Import Value (FLM-MT 6-75)
- Value of Livestock Exports in May Continue to Exceed Import Value (FLM-MT 7-75)
- World Butter Production Remains Steady, Growth of Cheese Output Slows (FD 4-75)
- World Palm Oil Production and Exports Continue Uptrend in 1975 (FOP 5-75)
- U.S. Canned Fruit and Vegetable Exports Higher Than 1965/69 Average in 1974 (FCAN 4-75)
- World Coffee Harvest in 1975/76 to be Smaller Than 1974/75 Crop (FCOF 3-75)

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Five Communes

Continued from page 8

improved work performance by a healthier working population.

The workers themselves probably are appreciative of the availability of the rural medical assistance, especially those who can remember when access to such service was not only difficult but also sometimes prohibitive in cost. Cost today is merely a token charge.

At the five communes visited, annual payments required for complete medical coverage under the Co-op Medical System (formal name of the program) are about 42 cents per person per year at the Red Star China-Korea Friendship Commune, about 85 cents at the Horse Bridge Commune, about 63 cents at the July 1 Commune, 63-85 cents at the Hua Tung Commune, and $1.08 at the Lok Gang Commune.

Rural education has been upgraded under the commune structure—an achievement that is pointed to with pride by commune officials. Officials contrast the present situation with pre-Liberation conditions, when the rate of illiteracy was very high. In the Canton area, commune officials claim that pre-1949 illiteracy rates were 74 percent in the Lok Gang Commune area and 85 percent for women and 40 percent for men in the Hua Tung Commune area.

From all indications, most commune children now attend school beginning at age 7 and remain in school until age 16 or 17—an average education of 10 years. There has been continuing progress in reaching the stage where all commune children except those handicapped in some way attend school.

The July 1 Commune did not achieve this enrollment goal until 1970, and the Hua Tung Commune still has 95 school-age children not yet in school.

U.S. Farm Exports

Continued from page 11

value tumbled to $194 million.

Corn exports to the USSR fell to 1.2 million tons from 4 million tons in 1974. Corn export value fell 30 percent to $158 million.

The **PRC** imported $328 million worth of U.S. farm products in 1975, down from $838 million in 1974. Wheat exports to the PRC, valued at $189 million, were three-fifths of the 1974 value and one-half of 1974's 3 million tons. Corn exports dropped from $189 million to $2.6 million and from 1.8 million tons to 23,000 tons.

Cotton exports to the PRC were valued at $104 million in 1975, 55 percent of 1974's; export volume declined 58 percent to 359,000 bales.

Since January, no U.S. farm products except cotton have been exported to the PRC. Anticipation of a good crop year and foreign exchange limitations have restrained purchases by the PRC.

U.S.-Romanian Trade

Continued from page 4

U.S. soybean meal trade comes from Romania's soybean industry, rather than from sunflowerseed. The only East European country with a soybean crop of any size, Romania in 1974 produced an estimated 250,000 tons of soybeans from about 470,000 acres—35 percent more than in 1972.

In fact, the country at times has exported soybeans, as in 1973 when it shipped 35,000 tons, according to data published by the United Nations Food and Agriculture Organization. These exports reflect in large part the precedence given sunflowerseed over soybeans in use of Romania's limited oilseed crushing capacity, owing to high world prices for sunflowerseed oil and the high oil content of sunflowerseed.

However, for the near-term, crushing capacity idled by the reduced 1974 sunflower crop (671,000 tons) may encourage a larger soybean crush, causing decreased exports of soybeans, increased production and domestic use of soybean oil, and increased availability of domestically produced soybean meal.

Sunflowerseed oil exports, too, will be down in volume somewhat in 1975. Vegetable oil is too important in consumer diets for a sizable shortage to be allowed on the domestic market in favor of exports, but substitution of soybean oil with ease the tight supply situation in sunflowerseed oil.

In the livestock sector Government producer price actions since 1973 have favored beef production over other meats. Also, production for export continues to be a major farm policy goal. Thus, while beef outturn in 1970-73 grew by 14 percent, beef exports at 36,200 tons in 1973 increased by 69 percent. Similarly, pork exports at 33,600 tons advanced 98 percent compared with production growth of 49 percent.

Sales of meat in the Government retail trade network rose 40 percent in that time frame, although no breakdown by type of meat is available. Meat can also be sold in farmer's markets in Romania, but such sales are not recorded in official data.

Unlike most East European countries, Romania has used retail price increases to hold down domestic meat consumption, thereby making supplies available for exports.

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